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CORPORATION FILE

THE BALDWIN COMPANY  
ANNUAL REPORT TO STOCKHOLDERS  
*Eighty-Sixth Year Ending December 31, 1948*





## DIRECTORS

Lucien Wulsin  
Cincinnati

Philip Wyman  
Cincinnati

J. P. Thornton  
Cincinnati

Geo. W. Lawrence  
Cincinnati

A. J. Schoenberger  
Cincinnati

## OFFICERS

Lucien Wulsin

President

J. P. Thornton

Vice-President

Philip Wyman

Vice-President

A. J. Schoenberger

Treasurer

R. F. Coghill

Secretary

W. H. Smith

Assistant Treasurer

Irwin Stumborg

Assistant Treasurer

Eugene Wulsin

Assistant Secretary

## GENERAL OFFICES

Gilbert Avenue, Cincinnati

Cable Address: "Baldwinco, Cincinnati"

## SUBSIDIARY COMPANY

The Baldwin Piano Company



*To the Stockholders of  
The Baldwin Company:*

Sales for the year 1948 amounted to \$15,149,900.45.

After deduction of depreciation charges amounting to \$143,317.82, the provision for Federal Income Taxes amounting to \$926,600.00, and the provision for increases in certain reserves detailed below, totaling \$738,852.20, the net profit for the year 1948 was \$542,414.23, compared with \$496,605.60 reported for the year 1947.

Consolidated Balance Sheets as of December 31, 1948 and 1947 are appended hereto. On December 31, 1948, Total Current Assets amounted to \$5,840,706.24 and Total Current Liabilities \$2,649,149.37, which is a ratio of 2.2 to 1.

During the year 1948 we spent \$602,242.26 for additions and improvements to buildings, machinery and equipment. Accounts Receivable, before deducting Reserve for Possible Losses, increased \$921,013.90. Inventories, before deducting Reserve for Inventory Fluctuation, increased \$1,642,499.69. The cost of these improvements to plant, and the increases in Accounts Receivable and Inventory, made it necessary for us to sell United States Government Securities to the extent of \$604,000.00, and to borrow from banks to the extent of \$800,000.00, at which amount bank loans stood on December 31.

There have been added to Earned Surplus during the year 1948: net profit from operations, \$542,414.23, and adjustment on 1947 Federal Income Tax Accrual, \$30,066.85. During the year there were deducted from Earned Surplus: regular dividends on the outstanding 6% Preferred Stock, amounting to \$9,678.00, and dividends on the Common Stock, aggregating \$1.70 per share and totaling \$227,431.10. The net result is that during the year 1948, Earned Surplus increased \$335,371.98. There has been no change in the Capital Surplus of the Company during the year.

We are giving attention to our inventories both raw and manufactured. To continue the policies of recent years, we decided to increase the percentage of Inventory Fluctuation Reserve to 331/3% of the inventory on hand on December 31, 1948. Therefore, \$638,852.20 was charged against operations for the year 1948 and credited to Inventory Fluctuation Reserve. This reserve amounted to \$1,629,698.89 at year end. Although we have charged the expense of our current research program against the operations

Cincinnati, Ohio, April 4, 1949

of the year, we have again set aside from operations \$100,000.00 as a reserve for the cost of future research. This sum has been included with Contingency Reserve on the Balance Sheet. C2

The remodeling of the factory buildings purchased in December 1947 has progressed according to plan during the past year. The manufacture of our Electronic Organ was moved to its new and permanent location in these buildings during September last. This move made available much needed additional space for the production of pianos, and also has made possible an improved layout for the production of the organ. While the major improvements to these recently purchased buildings were completed in 1948, additional work remains to be done to carry out our remodeling plans.

The production and sale of pianos during 1948 showed a substantial increase over the previous years, and established a new all-time record for this company.

The large production of the past year has made it possible for inventories of finished pianos in the hands of our dealers and our own stores to reach a more normal basis.

Our organ production and sales have also continued to increase.

The demands upon the cash resources of the company to pay for plant improvements, to finance inventories in our stores and with dealers, and to carry the increased accounts receivable, incident to the large volume of business we are currently enjoying, have been heavy. Such increased capital requirements will continue over a period of time.

In order to make available the cash necessary for these needs, and to pay off current bank loans, we arranged on February 21, 1949 for a term loan of \$2,600,000.00 at 4% interest from The Prudential Insurance Company of America. This loan is to be repaid over a period of years, beginning in December 1951—the last payment being due in December 1963. This financing should be advantageous to the future operations of the company.

We are looking forward to business during the coming year on a basis more in accordance with our pre-war operations than it has been in the recent past. We believe that there continues to exist a broad and sound market for our products.

Respectfully submitted,

LUCIEN WULSIN, President



**THE BALDWIN COMPANY and Subsidiaries**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

*As of December 31, 194*

ASSETS	December 31, 1948	December 31, 1947
Cash in Bank and on Hand.....	\$ 374,296.98	\$ 831,610.98
<b>United States Government</b>		
Obligations.....	—0—	604,000.00
<b>Accounts Receivable</b>		
Customers' Accounts.....	\$2,966,453.90	\$1,728,641.88
Less: Dealers' Contingent Equities.....	506,906.20	190,108.08
	<u>\$2,459,547.70</u>	<u>\$1,538,533.80</u>
Less: Reserve for Possible Losses.....	252,536.20	167,074.34
	<u>2,207,011.50</u>	<u>1,371,459.46</u>
<b>Inventories</b> .....	\$5,005,142.82	\$3,302,822.30
Less: Intercompany Profit.....	116,046.17	56,225.34
	<u>\$4,889,096.65</u>	<u>\$3,246,596.96</u>
Less: Reserve for Inventory Fluctuation.....	1,629,698.89	990,846.69
	<u>3,259,397.76</u>	<u>2,255,750.27</u>
<b>Total Current Assets</b> .....	<u>\$5,840,706.24</u>	<u>\$5,062,820.71</u>
<b>Plant and Equipment</b>		
Real Estate and Buildings.....	\$1,612,123.97	\$1,339,295.71
Machinery and Equipment.....	1,976,396.51	1,681,337.13
	<u>\$3,588,520.48</u>	<u>\$3,020,632.84</u>
Less: Reserve for Depreciation.....	1,372,073.12	1,231,827.35
	<u>2,216,447.36</u>	<u>1,788,805.49</u>
<b>Other Assets</b> .....	76,864.34	49,861.66
<b>Deferred Charges to Future</b>		
Operations.....	29,874.05	10,346.26
<b>Total Assets</b> .....	<u><u>\$8,163,891.99</u></u>	<u><u>\$6,911,834.12</u></u>



ary THE BALDWIN PIANO COMPANY

ATED BALANCE SHEETS

8 and December 31, 1947

LIABILITIES AND CAPITAL	December 31, 1948	December 31, 1947
Notes Payable.....	\$ 800,000.00	—0—
Accounts Payable.....	590,634.37	\$ 736,800.85
Accrued Expenses.....	190,011.18	189,230.36
Federal Excise Tax.....	141,903.82	114,724.98
Federal Income Tax.....	926,600.00	767,300.00
Total Current Liabilities.....	\$2,649,149.37	\$1,808,056.19
Deferred Credits.....	1,504.66	—0—
Reserve for Contingencies.....	1,427,197.23	1,353,109.18
Capital Stock and Surplus		
Capital Stock:		
6% Cumulative Preferred Stock		
Authorized 1901-1903,		
Authorized and Issued 2,327 Shares,		
Par Value \$100.00 Per Share,		
Less 714 Shares in Treasury.....	161,300.00	161,300.00
Cumulative Preferred Stock		
Authorized 1924,		
Authorized 60,000 Shares,		
Par Value \$100.00 Per Share.....	—0—	—0—
Common Stock, Par Value \$8.00 Per		
Share, Authorized 500,000 Shares,		
Issued 133,786.6 Shares.....	1,070,292.80	1,070,292.80
Surplus:		
Capital.....	\$ 130,316.37	\$ 130,316.37
Earned.....	2,724,131.56	2,388,759.58
	2,854,447.93	2,519,075.95
Total Liabilities and Capital.....	\$8,163,891.99	\$6,911,834.12



ANALYSIS OF  
CONSOLIDATED SURPLUS ACCOUNTS

*Year Ended December 31, 1948*

**Earned Surplus:**

Balance, January 1, 1948.....\$2,388,759.58

**Add:**

Net Profit for Year Ended December 31, 1948.....\$542,414.23

Adjustment of 1947 Federal Income Tax Accrual..... 30,066.85      572,481.08

\$2,961,240.66

**Deduct:**

Dividends Paid on Preferred Stock.....\$ 9,678.00

Dividends Paid on Common Stock..... 227,431.10      237,109.10

Balance, December 31, 1948.....\$2,724,131.56

**Capital Surplus:**

Balance, December 31, 1948 (No change during year).....\$ 130,316.37



## AUDITORS' CERTIFICATE

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*To the Board of Directors and Stockholders,  
of The Baldwin Company:*

We have examined the balance sheet of THE BALDWIN COMPANY consolidated with its subsidiary company as of December 31, 1948, and related statement of consolidated surplus accounts for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated surplus accounts present fairly the consolidated financial position of THE BALDWIN COMPANY and its subsidiary at December 31, 1948, and the result of their consolidated operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Comparative figures for the year ended December 31, 1947, have been taken from our report for that year.

MURPHY, LANIER & QUINN,  
Public Accountants

CINCINNATI, OHIO

March 15, 1949



PRINCIPAL SELLING  
OFFICES

Cincinnati  
Denver  
Pittsburgh  
Los Angeles

New York  
Louisville  
Chicago

Boston  
St. Louis  
Kansas City  
San Francisco

EXPORT OFFICES

New York

Cincinnati

San Francisco

PRODUCTS

BALDWIN

Grand Pianos  
Electronic Organs

HAMILTON

Grand and Upright Pianos

HOWARD

Grand and Upright Pianos

ACROSONIC

Spinet-Upright Pianos